

## POINT OF SALE CHECK SERVICE

## ABSTRACT OF THE DISCLOSURE

A POS (point-of-sale) Check Service converts any paper check online and in real-  
5 time into an electronic funds transaction. The paper check is returned to the customer. A  
merchant enters the amount of the sale and electronically captures checking account data  
from the MICR line encoded on the check. The check data, identification data and sale  
amount are forwarded to a service organization for processing. The service has three  
options: Conversion Only; Verification with Conversion; and Guarantee with  
10 Conversion. Under Conversion Only the transaction is approved or declined with no  
account verification processing and the merchant retain the risk of loss. Under  
Verification with Conversion the check authorization message is routed to the  
participating drawee bank or to a third-party authorizing agent for verification that the  
check will be paid. Under Guarantee with Conversion, the check authorization request  
15 message is routed to the participating drawee bank or to a third party to guarantee the  
check. A check guarantor buys the check from the merchant at a discount.